



STATE PROCUREMENT OFFICE
**NOTICE OF REQUEST TO AMEND AN EXEMPTION
FROM HRS CHAPTER 103D CONTRACT**

12 JUN 20 P1:33

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Land and Natural Resources, State Parks
Name of Requesting Department

Pursuant to HRS §103D-102(b)(4) and HAR section 3-120-5(d), the Department requests to amend an exempt contract as follows:

1. SPO-007, Exemption Reference (PE) Number: 11-087-B

2. Vendor/Contractor/Service Provider Name: Economy Plumbing & Sheet Metal, Inc. ("EPSMI")

3. Describe the goods, services, or construction:

The construction of a replacement heating, ventilating and air conditioning ("HVAC") system for Iolani Palace ("Palace") and related improvements by the Department of Land and Natural Resources ("DLNR"). The project consists of an on-site chilled water plant and various mechanical/electrical/architectural improvements within the Palace.

4. Explain in detail what is being amended:

We request an extension of the contract period to June 30, 2013. The request will amend P.E. No. 11-087-B, CPO Comments, Item 4. "Contract shall be for a 12 month period starting from 07/01/11 to 06/30/12". The requested amendment will extend the contract completion on June 30, 2013 instead of June 30, 2012.

ATTACHED IS A COPY OF P.E. NO 11-087-B.

5. Amended contract price for this request: \$ 4,587,000.00

6. Explain in detail why the amendment(s) are necessary:

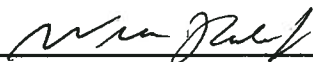
SEE ATTACHED PAGE 3

7. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process, and has 1) completed mandatory training and 2) who may be contacted for follow up inquiry, if any.

(Type over "example" and delete cells not used.)

Department Personnel Name	Division/Agency	Phone Number	Email address
Russell Kumabe	State Parks/DLNR	587-0305	russell.p.kumabe@hawaii.gov
Carty Chang	Engineering/DLNR	587-0230	carty.s.chang@hawaii.gov

All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
I certify that the information provided is to the best of my knowledge, true and correct.



Department Head Signature

6/12/12

Date

For Chief Procurement Officer Use Only

Date Notice Posted:

6/20/2012

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

This request is disapproved as it lacks sufficient justification and information for a procurement exemption to significantly expand the scope of work, increase the cost by \$974,000 and add another year to the term of contract. Department may resubmit, requesting CPO approval, by sending a memo (reference PE11-087Ba1) along with a detailed report which includes:

1) Documentation that department adhered to conditions #1, #2, and #5 as provided in the CPO Comments stated in CPE11-087B;

- The direct negotiations with the lowest bidder, conducted by the department, adhered to the scope of services, required qualifications, and any other specifications identified in the solicitation Job No. F11C763A, Iolani Palace State Monument-Phase I, Replacement of Chilled Water System, with the exceptions as noted in PE11-087B.
- Vendor was compliant with HRS §103D-310(c) and HAR §3-122-112, when the award was made;
- Award was posted on the Awards Reporting System

2) Description of work and timeline department became aware of the additional work and increase in costs;

3) Cost comparison and analysis of cost increases for the nominal changes (as stated in PE11-087B) and additional \$974,000 work required.

4) Financial analysis verifying that with all of the above changes EPSMI would still be the low bidder.

If there are any questions, please contact Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

☐ Approved

☒ Disapproved

☐ No Action Required


Chief Procurement Officer

6/29/2012
Date

6. Explain in detail why the amendment(s) are necessary:

The extension of the contract date to 6/30/2013 is necessary for the completion of the HVAC improvements in the Iolani Palace.

The contract completion date issued by the CPO on 6/22/2011, pursuant to P.E. No. 11-087-B, could not be met due to unanticipated delays in the contract finalization with EPSMI attributed to the following:

- Mold occurrences on Palace artifacts and resources, which prompted the removal of other archival artifacts and resources.
- Immediate work was needed on the existing chillers in the Palace which failed suddenly that the Contractor was able to address. The failing systems can be attributed to the sudden mold inundation at the Palace.
- Redesign of the HVAC chiller layout to minimize noise impacts to Palace archival staff and drainage improvements to eliminate flooding and water damage from any system leaks that may occur.
- Relocation of HVAC components to address concerns of securing the Palace resources during the routine maintenance and repair of the HVAC system.
- The need for an external generator and chiller unit to provide appropriate power and cooling capacities to the Palace during the installation of the new system and the electrical upgrades that will be needed.

These unforeseen activities and associated costs have resulted in cost increases for both design and construction activities. The initial project cost estimation was \$3,61,000, but with the improvements needed above, project costs is currently \$4,587,000, inclusive of a contingency of \$200,000 which was not included in the initial cost estimation. Even with these cost increases, the State benefits as EPSMI, as the lowest bidder in this project, will have kept these project costs lower. The unanticipated work and associated costs would have occurred despite whom was awarded this contract.

We are seeking a completion date of 6/30/2013, to complete the project as described and to accommodate any unanticipated delays that may occur during certain construction activities such as required power outages affecting the Palace and State Capitol and any shipping delays of electrical equipment and materials needed for the HVAC and electrical improvements.

The Contractor has confirmed that the HVAC improvements can be completed by July 2013 with the additional funds that are being requested.